

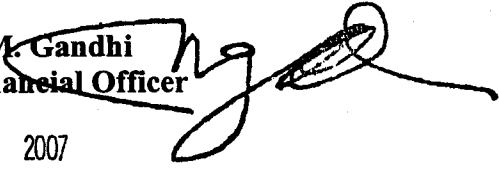
**Government of the District of Columbia
Office of the Chief Financial Officer**



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: SEP 13 2007

SUBJECT: Fiscal Impact Statement: "Career Service, Excepted Service,
Management Supervisory Service Non-Collective Bargaining
Unit Employees Compensation System Changes Approval
Resolution of 2007"

REFERENCE: Draft Resolution to be Introduced – Number Not Available

Conclusion

Funds are sufficient in the FY 2008 through FY 2011 budget and financial plan to implement the provisions of the proposed approval resolution. The District has sufficient resources in workforce investment to absorb the fiscal effect, estimated to be \$28.93 million over four years, in order to implement the provisions of the proposed compensation system changes.

Background

The proposed resolution would approve compensation system changes recommended by the District Department of Human Resources. The compensation increases would affect 4094 employees with an aggregate salary of approximately \$322.9 million. Provisions of the proposed compensation system changes include the following:

- A base compensation increase of 3.25 percent effective October 14, 2007 for non-union Career Service, Excepted Service, and Management Supervisory Service employees;

- A base compensation increase of 3.00 percent effective October 14, 2007 for non-union nurse(s) [medical] employee(s);
- A base compensation increase of 3.25 percent effective October 14, 2007 for non-union Wage Service employees; and
- Salary schedule to be revised to contain 10 Steps instead of the current 6 Steps for Wage Service Employees.

The proposed compensation system changes will exclude employees who are Grade 15 or higher.

Financial Plan Impact

Funds are sufficient in the FY 2008 through FY 2011 budget and financial plan to implement the provisions of the proposed approval resolution. The District has sufficient resources in workforce investment to implement the provisions of the proposed compensation system changes. The local portion of the fiscal effect¹ of implementing the propose resolution is approximately \$6.72 million in FY 2008. The table in Figure 1 presents the personnel services costs² associated with implementing the provisions of the proposed agreement.

Figure 1.

Estimated Expenditure Impact to the Financial Plan				
(S in millions)				
FY 2008	FY 2009	FY 2010	FY 2011	4 - Year Total
\$6.72	\$7.19	\$7.40	\$7.62	\$28.93

¹ The D.C. Retirement Board determines local funding requirements periodically through an actuarial study. Adjustments are a funding requirement to the third subsequent fiscal year following implementation to maintain an account's full funding status.

² Figures include salary and benefits.